

Management Ideas



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a monthly newsletter to key executive-leaders
on practices, possibilities and ideas generally
for stepped up performance

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on problem-solving and creative ideas

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3541 PRODUCTI- VITY MIRACLE AT JALANDHAR:

In response to item (3535 April 1995), Reader Dr.O.P.Kharbanda said it is possible to gather and publish Indian success stories. "For example, ones made possible by Suresh Pandit". We approached Mr. Pandit. We reproduce a success story his latest, in his own words.

A company which had managed only Rs.2 crore monthly sales and Rs.5 lakh monthly profit, on an average, in the first ten months of the financial year, catapulted to an average of Rs.4 crore (double) sale and Rs.50 lakh (ten times) profit in the last two months. Read on the full story behind this achievement.

Standard Electricals Limited is a rather unusual enterprise in Jalandhar. Although Jalandhar is famous for large scale manufacture of hand-tools there are not many units like 'Standard' who make sophisticated circuit breakers and electrical switchgear. In its original avatar, it was known by its longish name 'Indo-Asean Switchgear Limited'.

The brand name of their products has been 'Standard'. Management and employees are mostly locals and they share the indomitable 'Punjabi' Spirit. Even at the height of 'Punjab problem', when Jalandhar was in the middle of daily violence, the company did not cease operation.

Mr. M.R. Gupta, the chairman and the Managing Director, had established a good rapport with the employees and company had registered moderate growth in Productivity, Profits and employee earnings were above local levels but nowhere near national or international level. It had finished the financial year 1993 - 94 with Rs.18 crore turnover and Rs.50 lakhs profit before tax.

As in a number of other Indian companies, the liberalisation and global competition put the company on the defensive and it was exposed to both its own weaknesses and external opportunities. Suddenly the management had to fight simultaneously on many fronts, like raising finance, improving product quality, upgradation of design, lowering of costs, cutting down delivery periods and coming closer to the customers.

The management team, reinforced by the presence of two young professionals Sanjay & Seema Handa (son-in-law and daughter of Mr. M.R. Gupta) addressed themselves to the new challenges and initiated action on many fronts.

Their financial management consultants, S.S. Arora of Synergy Business Services, recommended my services to the Management and I made my first preliminary visit to Jalandhar in November 1994.

The concept of employee empowerment through constitution of network of self managing teams found favour with the management. They also conceded the need to give up the traditional narrow concept of 'ownership' and become true trustees of the organisation.

The managers were exposed to the Narayana Model, 'Beyond Management'. They accepted the inherent conflict potential of work or Shakti mode and buyer-seller relationship between managers and the employees. They acknowledged the superior potential of Bhakti-mode based on mother-child relationship of giving love and receiving dedication which involved physical nurturing of providing food (ahar), emotional nurturing of providing self confidence (atma-vishwas), intellectual nurturing of providing know-how and know-why (vijnan) and spiritual nurturing of letting go inspite of deep concern for safety and well being of the child.

The MCB division manager, Mr.Gandhi volunteered to experiment first with the new concept. Nearly one seventh of the seven hundred employees were covered.

The target group accepted the concept very enthusiastically and volunteered to work for the success of the experiment. In all, six teams were formed in the order of the process. Each team was an internal customer as well as an internal supplier. The teams selected their own spokesman and facilitator. The experiment was to be started from 1st December 1994.

I received an excited call from Jalandhar in late December to convey the good news. They had achieved record production levels in MCB division. They did not know what to do! I promised to be present at the celebration.

We measured and compared the result on many parameters. Compared to the average level of productivity in terms of number of poles/manhour, there was 27% increase in productivity. We met each and every member of the team members along with CMD. They had so many exciting stories to tell - stories of process improvements, reduction in rejection level, changes in jigs and tools, multi machine operation, teamwork and so on. These were recorded on video-tape. Most importantly, there was sea change in the level of confidence of the people.

The person who was afraid to even meet the eyes of the CMD was proudly explaining the improvement he has made, the cause and the effect. All these hundreds of small improvements were all made in a span of 25 working days!

The grateful management, in the spirit of trusteeship, decided to give all the notional savings in direct labour cost, arising out of higher productivity, to the workmen and concerned staff. The profits of the division also went up due to savings in fixed costs.

In January 1994 the MCB division, once again recorded higher productivity level at 28%. Incidentally, I also came to know that the company had budgetted Rs.28 crore sales and Rs.180 lakh profit for the F.Y. 1994-95 and had managed only Rs.20 crore sale and Rs.50 lakh profit (average of Rs.2 crore sales and Rs.5 lakh profit per month) in the first ten months, and everyone was resigned to the inevitable shortfall.

Planning for miracle.

There were not many takers for my suggestion that we plan to bridge the shortfall, because it meant doubling the output and earning 14 times of the average monthly profit in the remainder of two months. So I decided to work out the financial picture we will achieve we doubled the output, what it meant and where we stand at that point of time.

As things stood, additional Rs.8 crore sales in the last two months would yield additional Rs.130 lakh surplus, which meant coming very near to both turnover and profit target. That realisation electrified the audience of managers. The marketing volunteered the information that they already had Rs.5.40 crore

worth of orders on hand and can generate additional Rs.2 crore orders by March 15th, leaving sufficient time to complete the production and despatch before the closing date of 31st March. The CMD took the responsibility of making up the gap of Rs.0.60 crore orders. Marketing also wanted extension of credit to dealers to the extent of Rs.1 crore for a period of 2 months. This meant additional expense of Rs.6 lakhs but it was a feasible proposition.

Next was the turn of buyers. They were confident of doubling the purchases, with a little bit of cash - Rs.1 crore to be precise. At an additional cost of Rs.6 lakh, it had to be made feasible.

Last was the turn of the production people. Managers felt, at best, a marginal increase of Rs.1 crore was possible but definitely not Rs.4 crores. At that point of time, I suggested we go to the real producers - workmen. But, how do you check with 500 people? There was no union. It was decided, therefore, to call two representatives from each section, forty persons in all and check with them.

We spoke to them first in my Bombay/Hindi and then in excellent inspiring Punjabi of Ms. Seema Handa. We put all the cards on the table. One, the company had promised to reach Rs.28 crore sale to the financial institutions and shareholders. At the current rate of production, it seems impossible to meet our commitment. With two months still left should we give up and revise the target downwards or attempt to reach the original target? Meeting our original target means establishing our reputation with the investors, customers and more than anybody else with ourselves.

The spontaneous response was, we will go for the original target. I said it was not just for saying but for doing. They said, you just leave it to us, we will demonstrate to you what we are capable of.

The very next day, the benchmark division MCB raised the output from 3500 poles to 5500 poles, a 57% rise. We did not want to take any chances. It was decided that:

- a) Everyone will work 10 hours a day instead of normal 8 hours
- b) Instead of weekly holiday, holiday will be taken only after 10 days and the day 28 crore target is achieved the remaining days will be treated as paid holidays
- c) Everyone will get one month's additional salary/wages - if 28 crore sale is reached before 31st March, 1995.

Ground Rules.

Ten ground rules were agreed upon. They were:

1. Everybody will perform his own 'dharma' (Sacred duty)
2. Nobody will find fault with others
3. I will not make a mistake
4. I will not delay.
5. I will not waste
6. I will not cause any 'durgatana' undesirable incident
7. I will help others in avoidance of mistakes delays, waste and undesirable incidences.
8. Customer is our God, serving him is our worship, his satisfaction is our 'prasad', workplace is our temple.
9. We will not use language of 'authority' or 'rights'.
10. We only know 'success'. Do or die.

A meeting of all the 600 odd employees present at the sight was called and CMD addressed them, citing their resolve and giving a slogan "28 crores by 28th March."

I returned to Bombay next day and became engrossed in other assignments. By end February, I received a call from Jalandhar, the spirit was holding but everybody was tired working for 10 hours a day and 10 days in a stretch. On the last day of the February, the output had reached Rs.3.17 crores, still Rs.4.83 crores short of the target. CMD's services were requisitioned once again. He publicly acknowledged the tremendous strain everyone is undergoing and asked the audience of 600 odd whether to go on. Once again, the response was to stick to the original target.

On 25th March, I received a telephone call from Jalandhar inviting me to be present at the celebrations. They were sure of completing "28 crore sales by 28th of March." When I reached on 27th, they had already completed 27 crores. We planned the celebrations for 29th. When I went round the shopfloor on 28th, there was great sense of jubilation. Everyone had glow on his face. They had achieved the impossible. The banners were all out. Only those who see the invisible can do the impossible.

There was no time for detailed calculations. Everyone was given an advance. A gift for family members of each employee was also given, to gratefully acknowledge their sacrifice. The remaining days of March 1995 were declared as paid holidays. The miracle was complete.

We have too much investment to think of changing our offices. Space and work needs are becoming universal - if they differ from one country to another, it is only in degree. It is well therefore to know the trends. Here is a report from Tim Bowler in the Independent (London):

3542
EMERGING
OFFICES:

OFFICES are undergoing a gradual revolution. The old statusbased workplace, complete with managers sitting behind huge desks in their own separate rooms and everyone working from nine-to-five, Monday to Friday, is slowly on the way out.

The twin driving forces behind this re-think of the office are the increasing sophistication of electronic technology, which allows more of us to work from home, and a shift in corporate culture regarding the very purpose of the office itself.

With the recession forcing companies to cut costs where they can, firms have taken a long and serious look at the office. In many corporations, the office is now seen much like another production plant; the only difference being that its "products" are not widgets but information.

The companies at the forefront of this lateral shift in thinking are those in the computer industry. One such, Digital, recently radically re-designed one of its offices in Basingstoke, Hampshire. The building had been accidentally gutted by fire in 1990. Fortunately nobody had been hurt, but Digital took the opportunity to try out a new style of office design.

The company's first step was to concentrate on designing an office based on needs rather than on status. That meant no separate offices for managers, hitherto allocated as a reward for promotion. Digital began to rank employees on a need-to-use basis. No longer would senior managers always get the seats nearest windows. Instead, the secretarial staff won out. After all, in any office, it is the secretaries who are destined to spend the longest periods cooped up inside the building.

Another idea taken up by Digital, IBM and others has been that of "hot-desking". In effect, it means desk-sharing, and it significantly increases the number of workers who can be based in any given office - with obvious cost and space-savings.

IBM, for instance, will have 1,000 of its marketing and services staff in such offices by the end of the year. Hotdesking has enabled the company to shut down four of its offices around London, and move everyone into a fifth new building.

A desk is increasingly being seen as a waste of valuable and costly floor space. Many company surveys suggest that on average desks are only occupied by their occupants between 40 and 50 per cent of the working day. This is not due to absenteeism of epidemic proportions, but because many jobs require people to be out of the office for much of the time.

Given this, there seems little point in giving everyone permanent desks.

Hot-desking works because of the increasing portability of computers. These days many managers have their own personal laptops, which can be plugged in almost anywhere.

So in the office of the (not so distant) future, you will ideally come to work with your own personal lap-top computer. You will own a storage drawer at your workplace, but that's about it. The desk will have changed too. Instead of umpteen square feet of solid oak, it will be a plain plank, with what is called "good trunking capability". All this means is that there is somewhere handy to run all the computer cables. You will plug in your computer and get to work.

Computerised telephone and fax systems are coming, which are being used by the likes of IBM and others, which automatically switch your personal phone or fax extension to the telephone/fax nearest to you. This does away with the present need to hand out a bewildering variety of differing extension numbers to your business contacts.

Should you choose to go home, work will of course travel with you. The lap-top can be plugged into your company system via a modem. Finally, your home fax and mobile phone mean that you can always be at the service of your employer. Depending on your position in a company, this may be heaven or hell, but so far few firms have taken things to this extent.

One main reason why they have not is because of the problem of managing someone who works from home. In the past, an employee might have been judged more on input, such as whether he or she turned up on time. This is now having to change to a view based on output, that is, what actually gets done.

Flexible working practices, including remote working from home by a percentage of employees, means a manager must do away with the old idea that "if I can't see you, you're not working".

Yet the move to the broad sunlit uplands of a glorious flexible corporate feature has not been without its problems. A few years ago it was hoped the rush-hours in our larger cities might become less crowded affairs, as more of us merely plugged in the lap-tops on our kitchen tables to begin the day's work. A new word was coined for such working at home - teleworking. But, for all the razzamatazz, it has not really taken off.

There are two problems: the first is companies' inherent unwillingness to trust their staff to work when they are out of sight of the office - or perhaps, to put it more fairly, to remain as highly motivated when on their own. Second, of equal importance, there is the problem of social isolation and the realisation that social contact forms an important part of office life.

It is interesting to note that British Telecom, one of the companies that has embraced teleworking, is now planning to instal videophones to help stop some of its home-based staff getting too lonely.

Given current trends in office technology and organisation, it seems that the office of the future will see more flexible working practices than we encounter at the moment. But many executives are going to remain sceptical about the need for changes until they can see a difference where it really matters - their performance and the firm's profitability.

Very few things can cause the kind of panic that a lack of backup can. Therefore, it's imperative that you prepare backups of the computer records you need on a regular basis.

**3543
BACKUP TIPS:**

Some suggestions:

- * Keep a backup log. This will remind you when you last backed up and what information will have to be restored if you lose the original.
- * Rotate at least three backups. You may not know exactly when a file has been corrupted.
- * Keep backups at another location;. If your office suffers a catastrophe, having the backup in the office where the original is will do no good.
- * Establish a backup schedule for each system and stick to it.
- * Put a printout of the directory with the backup and mark the date.
- * Buy a backup tape or program. Do anything you can to make backing up easier. But be sure to do the backups on a regular basis.

If you're afraid that your employees might have installed pirated software on company computers, conduct a software audit.

**3544
A SOFTWARE
AUDIT:**

If you don't, you could be hit with serious lawsuits. Well-meaning but uninformed employees might have installed software without your knowing it.

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